

Today Sees Debut Of Combined Paper

By STEPHEN M. AUG
Star Staff Writer

Washington area residents found a new nameplate atop the District's sole remaining afternoon daily newspaper today: The Evening Star and Washington Daily News.

The new name results from yesterday's acquisition by The Star of virtually all of the News except for its plant and production facilities.

Today's editions of The Star and News will have a total press run of over half a million. In addition to distribution to regular Star subscribers and retail sales, the paper will be delivered to about 130,000 readers who subscribed to the Daily News.

Insures Survival

The transaction, Star management said, insures the survival of an afternoon newspaper in the Washington area. "There would have been one newspaper in this town three years from now if we hadn't done what we did," said John H. Kauffmann, president of Washington Star Communications Inc., parent firm of the newspaper.

Both Kauffmann and Newbold Noyes, Star editor, said the transaction should strengthen The Star and eventually put and end to financial losses, which have persisted at an increasing rate in the past two years.

Across town at the Washington Post, Katherine Graham, publisher, said in a statement that the loss of any newspaper "is a loss to us all" in the newspaper business. She called it "another example of the inevitable trend in the economics of newspaper publishing."

But Mrs. Graham added that the "spirit and vitality of the Daily News will be faithfully reflected in a strengthened Evening Star."

John Prescott, Post president, said in a telephone interview that he believed the merger might result in a slight gain in that newspaper's circulation.

"We think there might be some impact on newsstand sales — some increase — because the Daily News was out on the newsstands early in the morning," Prescott suggested.

Prescott declined to speculate on any effect the merger — and the resulting increased circulation at The Star — would have on Post advertising.

He pointed out, however, that during the first six months of this year the Post had carried about 60 percent of the advertising lineage in the Washington area, while The Star and News had shared the remaining 40 percent.

Kauffmann said in an interview that it was the continuing loss in the relative percentage of advertising lineage in the Washington market that led directly to recent financial losses at The Star. "The depressing thing was that every year we were carrying a smaller percentage of the business available," he said.

Losses Cited

The Star newspaper operated at a loss for the first time in its history in 1970, Kauffmann said — although the losses were expected as a result of the nationwide economic recession. Company officials watched the losses deepen as the recession continued.

The 1970 loss, he said, was relatively small, "but it got bigger in 1971 and it would have gotten still bigger in 1972" without the merger. He added that his projections showed a deeper loss in 1973 as well. The entire Star company lost money last year along with the newspaper.

There had been rumors for more than a month among the staffs of all three Washington newspapers that the Star and News had been discussing some form of merger. Some felt that the survivor would be the News, because of financial backing of the entire Scripps Howard organization.

"There never were very serious discussions on that," Kauffmann said of a Scripps Howard purchase of The Star. "The Star didn't want to sell . . . this is our only newspaper this is our home. We've been here for 120 years and we wanted to stay."

Kauffmann did not know whether there had been any other contenders for the News, but he said The Star had "never had an offer" from any

prospective purchaser. "We had some discussions, but we never had an offer," he said.

He added that "we never wanted to sell and they (individuals who had discussed purchase) felt this town could never afford three papers."

The acquisition, Kauffmann believes, should give The Star sufficient resources to compete more effectively with the Post, which has become the area's dominant newspaper. "It's just too big and strong," Kauffman said of the Post.

Editor Noyes pointed out that in addition to acquiring virtually all of the features of the News — including use of material supplied by Scripps Howard's news syndicate — additional reporters and editors would be hired to improve The Star's coverage of local news.

He said The Star's news and feature space would be increased by about 30 columns a day to accommodate the greatly expanded content.

Night Operation Expanding

Also, reporters and editors moving over from the News staff will be used in part to enlarge the combined paper's night operation in order to improve production efficiency.

The details of the acquisition were provided yesterday afternoon by The Star management to the Department of Justice. Lee Loevinger, a former assistant attorney general for antitrust, said he represented The Star at a meeting with the new assistant attorney general, Thomas Kauper, and other department lawyers.

The department has given no indication as to whether it intends to challenge or examine the Star-News transaction. Legislation enacted about a year ago provides that financially failing newspapers may combine their printing operations as a means of staying alive. The legislation did not, however, deal with outright acquisition.

No financial figures concerning the transaction were made public. Kauffmann said part of the agreement with Scripps Howard in the sale stated that the details were not to be made public.

Further, The Star always has been a closely held corporation. There is no public market for Star stock and the company does not make public any financial reports.

The over-all company, however, has annual sales of about \$70 million, with the newspaper accounting for more than half.

The company owns three broadcasting properties—in Lynchburg, Va., Charleston, S.C., and WMAL AM-FM-TV in Washington—as well as a firm that sells computer programming data to other newspapers, a share in a newsprint firm owned along with the New York Times and Kimberly-Clark Corp., and a couple of lesser subsidiaries.

The company moved recently, however, to broaden its ownership by allowing several department heads to purchase a small amount of stock in the company. The move, Kauffman said in the interview, was taken because the shares became available and because "We wanted them to feel part of the company."

He said this did not mean that The Star has any plans soon to offer shares to the public as the Post did last year, but "certainly I've got to consider the possibility of going public sometime."

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